

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04
OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01 AGRE-00 /110 W
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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 4489

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMEMBASSY BOGOTA

AMEMBASSY LONDON

UNCLAS RIO DE JANEIRO 0111

E.O. 11652: N/A

TAGS : EAGR BR

SUBJECT : BRAZILIAN REACTION TO US COFFEE BOYCOTT EFFORTS

1. SUMMARY: BRAZILIAN PRESS HAS GIVEN WIDE-APREAD COVERAGE TO US CONSUMER BOYCOTT OF COFFEE EFFORTS. ALL MAJOR DAILIES REPORTED CONGRESSMAN RICHMOND'S CALL FOR AN INVESTIGATION OF CURRENT COFFEE SITUATION AND EARLIER BOYCOTT EFFORTS. CONSENSUS OF BRAZILIAN OBSERVERS IS THAT US CONSUMPTION WILL NOT BE SERIOUSLY AFFECTED. END OF SUMMARY.

2. JANUARY 6 EDITION OF JORNAL DO BRASIL REPORTED CONGRESSMAN RICHMOND'S COMMENTS ON CURRENT INTERNATIONAL COFFEE MARKET AND RESPONSE OF CESAR GOMES (BRAZILIAN COFFEE INSTITUTE'S NEW YORK REPRESENTATIVE). REPORT ALSO INCLUDED EXCERPT OF WALL STREET JOURNAL ARTICLE ON CONSUMER BOYCOTT. DAILY ECONOMIC COLUMN IN JANUARY 7 EDITION CAUTIONS THAT POTENTIAL AMERICAN CONSUMER BOYCOTT SHOULD NOT BE REGARDED LIGHTLY FOR TWO REASONS: 1) IN AN OPEN SOCIETY PROTESTS FROM CONSUMERS AND CONGRESSMEN ARE HEEDDED MUCH MORE THAN IN A CLOSED SOCIETY, UNCLASSIFIED

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AND 2) AFTER ALL IS SAID AND DONE, THE PRICE OF COFFEE HAS QUADRUPLED.

3. JANUARY 5 ARTICLE IN 'O ESTADO DE SAO PAULO' OPINES THAT CURRENT EFFORTS IN THE US TO INCREASE TEA CONSUMPTION AS COFFEE SUBSTITUTE HAVE LITTLE CHANCE OF SUCCESS. TO COMBAT SUCH A CAMPAIGN, A UNITED FRONT OF PRODUCERS, IMPORTERS AND

ROASTERS MIGHT BE USEFUL, OR THIS MIGHT BE AN OPPORTUNE TIME TO SHAKE THE PAN-AMERICAN COFFEE OFFICE OUT OF ITS ALMOST TRADITIONAL INERTIA. JANUARY 6 ARTICLE REPORTS THAT SOME PRODUCERS HAVE SUGGESTED THE LAUNCHING OF AN EDUCATIONAL CAMPAIGN IN THE CONSUMING COUNTRIES. A PRESENTATION OF THE DATA ON THE CURRENT WORLD SITUATION WOULD KEEP CONSUMERS FROM BEING INFLUENCED BY BOYCOTT CAMPAIGNS. WORLD-WIDE WRAP-UP IN JANUARY 7 EDITION INCLUDES SHORT ITEMS ON POSSIBLE RETALIATION BOYCOTT OF COCA-COLA BY COLUMBIA, COFFEE BOYCOTT ACTIVITY IN FRANCE AND COMMENT BY CESAR GOMES (TO THE WASHINGTON STAR) THAT A BOYCOTT WOULD BE FAVORABLE FOR BRAZIL.

4. 'GAZETA MERCANTIL' (JANUARY 4) NOTES THAT US PRESS HAS BEEN EXPLAINING REASONS FOR HIGH PRICES BUT FEW CONSUMERS HAVE BEEN PAYING ATTENTION. AFTER REPORTING BOYCOTT EFFORTS BY CONGRESSMAN ROSENTHAL, ELINOR GUGGENHEIMER AND SHOPWELL SUPERMARKET CHAIN, ARTICLE REPORTS THAT SOME OBSERVERS BELIEVE THAT CONSUMERS WILL BEGIN STOCKPILING COFFEE. ANOTHER POSSIBLE RESULT IS CHANGE IN PREFERENCES TO CHEAPER COFFEE THUS INCREASING INDEPENDENT PRODUCER MARKET SHARES. IBC PRESIDENT, CALAZANS, IS QUOTED (JANUARY 5 EDITION) THAT CAMPAIGN FOR REDUCED CONSUMPTION MAY HAVE SOME EFFECT BECAUSE THE AMERICAN IS DISCIPLINED, BUT THIS WILL NOT BE SUFFICIENT TO RESULT IN A HALT TO COFFEE-DRINKING AND COFFEE BUYING FROM BRAZIL. THE SUBSTITUTION OF TEA IS NOT VIABLE SINCE AMERICANS HAVE NOT ACQUIRED THE HABIT AND, ACCORDING TO CALAZANS, AT LEAST EIGHT OR NINE YEARS ARE REQUIRED TO PLANT AND HARVEST A TEA CROP.

5. 'O GLOBO' (JANUARY 6) REPORTED THAT GENERAL FOODS IS NOT UNCLASSIFIED

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PARTICIPATING IN THE BOYCOTT. BRAZILIAN TRADE SPOKESMAN ALMEIDA PRADO COMMENTED THAT THE COFFEE DRINKER IS LIKE THE CIGARETTE SMOKER. NOTING THAT CONSUMPTION OF CIGARETTES IN THE US IS UP DESPITE HEALTH WARNINGS, PRADO SAID THAT THE COFFEE DRINKER ALSO WILL NOT ABANDON HIS HABIT. JANUARY 7 EDITION QUOTES MINISTER OF INDUSTRY AND COMMERCE SEVERO GOMES: BEGIN QUOTE THERE IS NO OTHER WAY. WHAT WILL TAKE THE PLACE OF COFFEE FOR AMERICAS? TEA? NO, BECAUSE PRODUCTION IS LOW AND THE PRICE WILL RISE. IF BRAZILIANS ARE CONSUMING EXPENSIVE COFFEE AMERICAS CAN TOO. END QUOTE. DEXTER

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